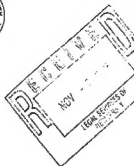


EX. 17



HAROLD LUCAS, ESQ.
EXECUTIVE DIRECTOR



COMMISSIONERS
ZIMMERMAN SMITH
CHAIRMAN
IDA CLARK
VICE CHAIRPERSON
GLORIA L. CARTWRIGHT
TREASURER
FRAN ADUBATO
DONALD BRADLEY
LYNELL ROBINSON

October 28, 2005

Honorable Dickinson R. Debevoise
M.L. King Jr., Federal Bldg. And Courthouse
Room 5083
50 Walnut Street
Newark, New Jersey 07102

Subject: Newark Coalition for Low Income Housing vs.
Housing Authority et al.
Quarterly Construction Report; October 15, 2005
New Construction

Dear Judge Debevoise:

Enclosed please find a copy of the Authority's construction report as of October 15, 2005 provided pursuant to the provisions of the Court Orders in the subject case. If you have any questions, please contact me at 973-273-6564

Respectfully submitted

Oliver Lofton
Deputy Executive Director
Special Counsel

Enclosures

C; Harold Lucas
Raymond A. Brown, Esq.
John Dubin, Esq.
Harris David, Esq.
Gustav Henningburg
Neil Gallagher, Esq.
Joanne Frey, Esq.
Edward DePaulis
Joseph Bianco

NEW TOWNHOUSE CONSTRUCTION QUARTERLY STATUS REPORT

October 15, 2005

This is the current status report of the Authority's development pursuant to the Court Order in the Newark Coalition for Low Income Housing vs. the Housing Authority of the City of Newark and HUD.

The following New Developments are complete:

Project NJ 2-39, Betty Shabazz Village; (124 Units)

Project NJ 2-40, Serenity; (100 Units)

Project NJ 2-41, Oscar Miles Village; (199 Units)

Project NJ 2-42, (194 Units)

Project NJ 2-43, (100 Units)

Project NJ 2-44, Rosario Villa; (94 Units)

Project NJ 2-45, (100 Units)

Project NJ 2-46, (96 Units)

Project NJ 2-47, (100 Units)

Project NJ 2-52, Wynona Lipman Gardens; (300 Units)

Total 1503 Units

Project NJ 2-49; Tony Gomes Construction Company

This project consists of 83 units and a community building to be built on South Twelfth Street, Peshine Avenue, Jelliff Avenue, Hunterdon Street, and Clinton Avenue in the Lower Clinton Hill Area. Tony Gomes Construction was designated as the developers on January 22, 2004. HUD PHA comments were received on August 26, 2004. Tony Gomes Construction has received from HUD PHA project proposal approval on June 7, 2005. The next steps are to prepare construction documents (plans and specifications), Newark Planning Board approval and a Turnkey Contract. A construction start is scheduled for approximately Spring 2006.

-Page 2-

**New Townhouse Construction
Quarterly Status Report**

Project NJ 2-50: Claremont Construction

This project consists of 88 units and a community building. Many of the units are to be constructed on land located on scattered sites in the North, Central and South Wards. Claremont Construction Corporation was designated the developer on February 26, 2004. Newark Central Planning Board and HUD PHA approvals have been obtained. Final construction plans and specs are completed. A Turnkey Contract of Sale has been approved. Construction has been started in January 2005 and is expected to be completed by Summer 2006.

Project NJ 2-53: Tony Gomes Construction Company

This is a project that consists of 56 units and a community building that will be constructed on two blocks located on Elizabeth Avenue and a block between Hillside Avenue and Irvine Turner Boulevard. Tony Gomes Construction is the designated developer. Final plans and specs are approved. HUD PHA proposal and Newark Planning Board approvals have been obtained. A Turnkey Contract of Sale has been approved by HUD.

NJ2-53, Gomes Construction was issued a Notice to Proceed on June 30, 2005. Contractor's mobilization was the week of July 4, 2005 and construction crews commenced work on Monday, July 11, 2005. Construction is expected to be completed by Summer 2006.

	Units	% of Total
Completed Units	1503	87 %
Units Under Construction	144	8%
Units Awaiting Turnkey Contract	88	5%
	1735	100%

Ex. 15

HOPE VI Construction Delays Result in Unreported Asset Impairments

In November 1993, the NHA was awarded a HOPE VI grant for the revitalization of the Archbishop Thomas J. Walsh Homes (NJ-39-URD-002-1-194). In September of 1995 HUD approved a Revised Revitalization Plan that changed the scope of the project from rehabilitation to new construction. The Walsh Homes development plan was split into two separate stages, Walsh Homes North and Walsh Homes South. In addition to redeveloping the Walsh Homes site, the NHA was to use proceeds from the grant to redevelop Otto Kretschmer Homes.

As previously described under Finding 2004-1, both the Walsh Homes North and Otto Kretschmer projects were redeveloped using a turnkey contract of sale approach. The Walsh Homes North properties were scheduled for completion in 1999 and 2000. The Otto Kretschmer Homes project was scheduled for completion in 2001. However, as illustrated in Figure 4, both projects experienced construction delays that ultimately culminated with the reconveyance of the partially complete projects back to the NHA. The costs associated with the construction delays and subsequent reacquisition of the projects resulted in potential asset impairments. As described in detail under Finding 2004-1, HUD's procedures revealed that the NHA did not account for the resulting impairments in conformity with GAAP. This resulted in an overstatement of the NHA's financial position by the amount of the impairments as of March 31, 2004.

Figure 4 – 1994 HOPE VI Grant Development Status at March 31, 2004

Development	Status	Potential Impairment	Comments
Walsh North Phase I	Complete	No	Completed for contract purchase price
Walsh North Phase II	Complete	No	Completed for contract purchase price
Walsh North Phase III	Development	Yes	Reconveyed to the NHA partially complete
Walsh North Phase IV	Development	Yes	Reconveyed to the NHA partially complete
Walsh South	Delayed	Yes	Site fighting problem under dispute
Otto Kretschmer Homes	Development	Yes	Reconveyed to the NHA partially complete

Disposition of Assets Associated with the Stella Wright Homes HOPE VI Grant Incorrectly Reported as a Reduction of Net Assets

In 1999, HUD awarded a \$35 million HOPE VI grant to the NHA for the relocation, demolition, and revitalization of Stella Wright Homes (NJ-39-URD-002-1-194). Under the terms of the grant agreements HOPE VI funds were to be leveraged by the NHA to facilitate the redevelopment of the former Stella Wright, Hayes, and Scudder Homes public housing sites. The Grant Revitalization Plan contemplates the relocation of approximately 764 households, demolition of 1,206 units in seven high-rise buildings and their replacement with 755 units of low-rise mixed-income rental and home ownership housing in the Central Ward of Newark.

As previously discussed under Finding 2004-2, the NHA incorrectly reported the retirement of the existing structures at the Stella Wright sites as a reduction in net assets in its fiscal year ended